

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice DCP-76

For: State and County Offices

**Including Popcorn for DCP Base Acreage
and 2003 Crop Year Fruit, Vegetable, and Wild Rice Exception**

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

The Agriculture Appropriations Act of 2003 (2003 Act), signed by the President on February 20, 2003, provides that:

- acreage planted to, or prevented from being planted to, **popcorn** shall be considered as corn acreage for DCP base purposes
- if a DCP payment yield for corn is established for a farm before adding popcorn acreage, the same yield shall be attributed to the popcorn acreage
- if DCP payment yields have **not** been established for corn on a farm before adding popcorn acreage, the yield attributed to the popcorn acreage shall be established to reflect the DCP corn yield on similar farms.

As a result of these changes, certain owners of farms with popcorn acreage history may elect to use average acreage history attributed to popcorn from 1998 through 2001 to establish DCP bases, as applicable.

Owners have from now until 30 calendar days after publication of the amended regulation to establish or revise base acres and update crop yields, if applicable. The regulations at 7 CFR Part 1412 will be amended. State and County Offices will be notified as soon as the regulation is published.

Disposal Date

October 1, 2003

Distribution

State Offices; State Offices relay to County
Offices

Notice DCP-76

1 Overview (Continued)

A Background (Continued)

Because of the late inclusion of popcorn as corn acreage for DCP purposes, a special 2003 crop year fruit, vegetable, and wild rice exception will be applied to certain fruit, vegetable, and wild rice plantings.

B Purpose

This notice:

- informs State and County Offices:
 - that 1998 through 2001 popcorn acreage history shall be considered corn acreage for DCP corn base establishment purposes
 - of the yield provisions for popcorn acreage considered as corn acreage for DCP purposes
 - that KC-ITSDO will mail a notification letter (Exhibit 1) on or about April 2, 2003, to owners and producers with popcorn acreage history in any of the 1998 through 2001 crop years that are currently active on a 2002 farm
 - that the statute provides that 2002 and 2003 DCP direct payments for corn base acreage will be issued on or after October 1, 2003, if 1998 through 2001 popcorn acreage is used to establish the corn base on a farm
 - that a 2003 crop year fruit, vegetable, and wild rice exception shall be applied to certain fruit, vegetable, and wild rice plantings on base acreage
- instructs State and County Offices how to handle popcorn acreage in the automated system.

2 Base and Yield Provisions for Popcorn

A Acreage History Credit

The popcorn acreage planted and/or prevented from being planted from 1998 through 2001 shall be considered corn acreage for DCP purposes. Accordingly, owners who elect Base Option 4 will receive a corn base, equal to the sum of the 1998 through 2001 average acreage of the following:

- corn
- popcorn.

2 Base and Yield Provisions for Popcorn (Continued)

B Basic Yield Provisions

Direct and counter-cyclical payment yields for corn on a farm shall be used for popcorn. Accordingly, producers are **not** required to submit production evidence on FSA-658P for popcorn.

Note: See subparagraphs C and D.

C Direct Payment Yields

The direct payment yield for corn on a farm shall be used for the acreage planted to popcorn on the farm.

Note: COC shall assign a direct payment yield according to 1-DCP, subparagraph 103 B if a PFC corn yield did not exist and a direct payment yield has not already been established for a farm.

D Counter-Cyclical Payment Yields

The counter-cyclical payment yield for corn on a farm shall be used for the acreage planted to popcorn on the farm. If the production for a crop year is production from:

- popcorn only, COC shall assign **production** based on the actual corn grain yields of 3 or more similar farms for the specific year, according to 1-DCP, paragraph 137

Note: The assigned production is not limited to the county average yield.

- both corn and popcorn, County Offices shall determine the total production (corn and popcorn) for the specific year, based on the actual production yield of corn, and enter the total production in the automated system according to 1-DCP, paragraph 613.

Example: Producer submits 12,000 bushels production evidence for 80 acres of corn, which is 150 bushels per acre. The producer planted 60 acres of popcorn in the same year. The total amount of production to enter in the automated system is 21,000 bushels, which is the sum of the corn (12,000 bushels) and 9,000 bushels (popcorn acreage [60] times corn yield [150]).

E 2002 and 2003 DCP Direct Payments

The statute provides that if 1998 through 2001 popcorn acreage is used to establish the corn base on a farm, 2002 and 2003 DCP direct payments for corn base acreage shall not be issued until after October 1, 2003. See paragraph 7 for instructions on handling popcorn in the automated system.

3 Notification Letter to Producers with 1998 through 2001 Popcorn Acreage History

A Producer Notification Letter

KC-ITSDO will mail a notification letter (Exhibit 1) on or about April 2, 2003, to owners and producers on a 2002 farm with popcorn acreage history in at least 1 of the crop years 1998 through 2001. This letter notifies owners and producers:

- to contact their local FSA office to ensure popcorn acreage data on file is accurate
- of the opportunity to revise previous base and yield elections.

4 Federal Regulations

A Federal Register (FR) Publication

The Federal regulations at 7 CFR Part 1412 are currently being amended. Owners with popcorn acreage on a farm have until no later than 30 calendar days after publication in the FR to:

- late-file acreage reports
- revise a previously made base and yield election
- make base and yield election based on popcorn acreage history
- State and County Offices will be notified as soon as the regulation is published.

5 2003 Crop Year Fruit, Vegetable, and Wild Rice Exception

A 2003 Crop Year Exception

Because of the late inclusion of popcorn as history credit for corn for DCP purposes, the planting of fruits, vegetables, and wild rice on base acreage that would have otherwise been nonbase acreage shall:

- not result in contract termination for 2003 DCP contracts
- result in a reduction of the 2003 direct and counter-cyclical payments for the farm by an acre for each acre of base acreage planted to fruits, vegetables, or wild rice.

The 2003 crop year fruit, vegetable, and wild rice exception:

- is for the 2003 crop year only
- applies to fruits, vegetables, and wild rice planted on base acreage that would have otherwise been nonbase acreage if popcorn had not been credited as corn acres for DCP base acreage purposes
- does not change the fruit, vegetable, and wild rice provisions on other base acreage.

Notice DCP-76

6 Examples of 2003 Crop Year Fruit, Vegetable, and Wild Rice Exception

A Example 1

Situation

FSN 100 has 201.4 acres of cropland. Before the inclusion of popcorn as corn history acreage for DCP purposes, the owner selected bases for the farm resulting in the following:

- 80.5 acres of wheat base acreage
- 80.9 acres of corn base acreage
- 40.0 acres of nonbase acreage.

After the base acreage is established, the owner entered into a contract with a vegetable processor to plant 40.0 acres of tomatoes. Because FSN 100 has 40.0 nonbase acres, the tomatoes could be planted on the farm with no violation of the fruit, vegetable, and wild rice provisions.

Because of the inclusion of popcorn as corn history acreage for DCP purposes, the owner elects to change the base acreage for the farm to the following:

- 80.5 acres of wheat base acreage
- 100.9 acres of corn base acreage
- 20.0 acres of nonbase acreage.

For the 2003 crop year, the owner plants 40.0 acres of tomatoes on FSN 100. Neither the farm nor the producer has a fruit, vegetable, or wild rice history.

Result

There is no DCP contract violation in this example because the 20.0 acres of base acreage planted to tomatoes would not have been base acreage without the inclusion of popcorn as corn history acreage for DCP purposes. The 2003 direct and counter-cyclical payment acres for the farm shall be reduced by 20.0 acres.

Notice DCP-76

6 Examples of 2003 Crop Year Fruit, Vegetable, and Wild Rice Exception (Continued)

B Example 2

Situation

FSN 200 has 201.4 acres of cropland. Before the inclusion of popcorn as corn history acreage for DCP purposes, the owner selected bases for the farm resulting in the following:

- 80.5 acres of wheat base acreage
- 80.9 acres of corn base acreage
- 40.0 acres of nonbase acreage.

Because of the inclusion of popcorn as corn history acreage for DCP purposes, the owner elects to change the base acreage for the farm to the following:

- 80.5 acres of wheat base acreage
- 100.9 acres of corn base acreage
- 20.0 acres of nonbase acreage.

For the 2003 crop year, the owner plants 50.0 acres of carrots on FSN 200. Neither the farm nor the producer has a fruit, vegetable, or wild rice history.

Result

There is a DCP contract violation in this example because of the 10.0 acres of carrots planted on base acreage established without regard to the inclusion of the popcorn acreage. The 2003 crop year fruit, vegetable, and wild rice exception does not apply to the 80.5 acres of wheat base acreage and the 80.9 acres of corn base acreage established for the farm before the inclusion of the popcorn acreage. There is no DCP contract violation for the 40.0 acres of carrots planted on base acreage that would not have been base acreage without the inclusion of popcorn.

The County Office shall handle the planting violation according to 4-CP.

Notice DCP-76

6 Examples of 2003 Crop Year Fruit, Vegetable, and Wild Rice Exception (Continued)

C Example 3

Situation

FSN 300 has 201.4 acres of cropland. Before the inclusion of popcorn as corn history acreage for DCP purposes, the owner selected bases for the farm resulting in the following:

- 80.5 acres of wheat base acreage
- 80.9 acres of corn base acreage
- 40.0 acres of soybean base acreage
- 0 acres of nonbase acres.

The owner made no changes to the base established for FSN 300 because of the inclusion of popcorn.

For the 2003 crop year, the owner plants 12.0 acres of tomatoes on FSN 300. Neither the farm nor the producer has a fruit, vegetable, or wild rice history.

Result

There is a DCP contract violation in this example because of the 12.0 acres of tomatoes planted on base acreage. The 2003 crop year fruit, vegetable, and wild rice exception does not apply to any of the base acreage established for FSN 300.

The County Office shall handle the planting violation according to 4-CP.

7 Handling Popcorn in the System

A Overview

According to the statute, popcorn cannot be paid until after October 1, 2003; therefore, there are special handling instructions that must be followed when a base and yield election is made for a farm with popcorn. Subparagraphs 7 B through D provide the steps to take for popcorn farms in each of the following situations:

- a base and yield election has been made and payments have been issued
- a base and yield election has been made but no payments have been issued
- no base and yield election has been made.

Notice DCP-76

7 Handling Popcorn in the System (Continued)

A Overview (Continued)

Producers can elect to not receive payments on the farm with popcorn until after October 1, 2003. If all producers on the farm with popcorn elect to not receive payments until after October 1, 2003, the provisions in this paragraph do not apply. The County Office will complete the base and yield election including the popcorn acres and no payments will be issued on the farm until after October 1, 2003.

B Base and Yield Election With Payments

The following table provides the steps to take for a farm with popcorn acres included in the corn base:

- that already has a base and yield election
- payments have been issued.

Step	Action
1	Do not cancel any payments.
2	Follow procedure in 1-DCP, subparagraph 636 E to back out the base and yield election.
3	Follow procedure in 1-DCP, Part 12 to do a new base and yield election that will capture all popcorn acreage.
4	Print and have the producer(s) sign the new CCC-509, but do not approve CCC-509.
5	Ignore the overpayment that will occur as a result of not having an approved CCC-509.
6	After October 1, 2003, CCC-509 that includes the popcorn acres can be approved and paid as normal.

Notice DCP-76

7 Handling Popcorn in the System (Continued)

C Base and Yield Election with No Payments

The following table provides the steps to take for a farm with popcorn acres included in the corn base:

- that already has a base and yield election but payments **have not** been issued
- payment is requested on the farm before October 1, 2003.

Step	Action
1	Ensure that all producers have signed the original CCC-509, which does not include any popcorn base acres.
2	Approve CCC-509.
3	Issue payments to the producer(s).
4	Do not cancel any payments.
5	Follow procedure in 1-DCP, subparagraph 636 E to back out the base and yield election.
6	Follow procedure in 1-DCP, Part 12 to do a new base and yield election that will capture all popcorn acreage.
7	Print and have the producer(s) sign the new CCC-509, but do not approve CCC-509.
8	Ignore the overpayment that will occur as a result of not having an approved CCC-509.
9	After October 1, 2003, CCC-509 that includes the popcorn acres can be approved and paid as normal.

Notice DCP-76

7 Handling Popcorn in the System (Continued)

D No Base and Yield Election

The following table provides the steps to take for a farm with popcorn acres included in the corn base:

- a base and yield election has not been made
- payment is requested on the farm before October 1, 2003.

Step	Action
1	Follow procedure in 1-DCP, Part 12 to complete a base and yield election. This election will include the popcorn base acres.
2	Do not approve CCC-509.
3	Access Tract Crop DCP Data Screen MIDUCP01 according to 3-CM (Rev. 3), paragraph 246.
4	Screen print Tract Crop DCP Data Screen MIDUCP01 and file it in the farm file for future reference.
5	Manually reduce the corn base acres by the amount of popcorn base acres from any tract or tracts on the farm Note: Popcorn base acres can be calculated by adding up the popcorn acres reported on the 1998 through 2001 FSA-578's and dividing by 4.
6	Follow procedure in 1-DCP, paragraph 802 to revise CCC-509 for the farm.
7	Ensure that all producers sign the new CCC-509, which will not include popcorn base acres.
8	Approve CCC-509.
9	Issue payments to the producer(s).
10	Anytime before October 1, access farm maintenance and add the popcorn base acres back to the corn base acres according to the screen print that was printed and filed in the farm folder in step 4.
11	Anytime before October 1, revise CCC-509 so that the popcorn base acres will be printed and have the producer(s) sign the new CCC-509.
12	Do not issue the additional payments until after October 1.

Notice DCP-76

7 Handling Popcorn in the System (Continued)

E Reconstitution of Popcorn Farms

Before doing a 2003 reconstitution of a farm that has popcorn base acres, ensure that the corn acres in farm maintenance include the popcorn base acres. If a 2003 reconstitution is done and the corn acres in farm maintenance **do not** include the popcorn base acres, the popcorn base acres will have to be calculated manually for each resulting farm and/or tract.

F Software

The software that will add popcorn as an acceptable crop for base and yield election purposes will be transmitted to all County Offices on or about April 2, 2003. The software will also be included in County Release No. 509.

Producer Notification Letter

(Date)

Dear Producer:

On February 20, 2003, the President signed the Consolidated Appropriations Resolution, 2003, which makes provision, effective October 1, 2003, for treating acreage planted or prevented from being planted to popcorn during one or more of the 1998 through 2001 crop years as being considered as planted to, or prevented from being planted to, corn for Direct and Counter-Cyclical Program (DCP) base and yield establishment purposes.

Our records indicate you have popcorn acreage history on a farm or farms in one or more of the years 1998 through 2001. You may wish to contact your Farm Service Agency office to ensure the popcorn acreage data on file is accurate.

Program regulations at 7 CFR Part 1412 are currently being amended to reflect this new change in the authorities governing DCP bases and yields. Once the regulation is published in the Federal Register, further information will be available on the significance of this change and what, if any, farmer options will follow from it. Coming in now, however, will help make the process of adjustment as quick as possible and will not entail any final decision by you now with respect to this change in the law while final policies are being considered in preparation for the publication of the rule.

Sincerely,



John A. Johnson
Deputy Administrator for Farm Programs